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COPY NO. 3

OPERATIONS COORDINATING BOARD
Washington 25, D. C.

October 11, 1954

MEMORANDUM FOR THE OPERATIONS COORDINATING BOARD

SUBJECT: Current US-ROK Relations

REFERENCE: Special Report of Working Group

The attached special report is submitted to the Board in response to a suggestion from General Cutler of September 30, 1954. Because of the rapid exchange of telegrams regarding this continuing problem, this report may not fully reflect the status of the matter at the time of the meeting. Therefore, the chairman of the working group which prepared the report, Mr. Robert McClurkin, has been asked to meet with the Board for this item in order that the latest developments may be reviewed.


Elmer B. Staats
Executive Officer

Attachment:

Special Report on Status
of US-ROK Relations.

NSC review(s) completed.

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Interim Report on Status of U.S. - ROK Relationships

1. Current Situation

Relations between the U.S. and the ROK have worsened substantially since President Rhee's return to Seoul from the U.S. in August. Basically, this situation is a consequence of the frustration of the ROK leadership, especially of Rhee, with respect to:

- (a) the objective of unification;
- (b) fear of renewed Communist aggression and in the longer range Japanese political economic domination; and
- (c) impatience with what appears to them to be the slow progress of the economic rehabilitation program.

The deterioration in U.S.-ROK relationships has been reflected over the past few weeks in ROK propaganda. Through its official spokesmen and its semi-official press organs, the ROK has staged a propaganda attack on the U.S. equaled in its misrepresentation of the facts and of U.S. motives only by attacks from the Communist countries. Speeches and editorials have been accompanied by a series of mass demonstrations, petitions, and resolutions in the National Assembly. The general lines developed in these attacks are:

(a) Redeployment

The U.S. is redeploying its forces without having given the ROK notice in advance and such redeployment constitutes abandonment of the ROK and exposes that country to another attack such as that of June 1950;

(b) Military Aid

U.S. military aid is entirely inadequate in the face of U. S. redeployment and of the large Communist buildup in north Korea;

(c) ROK-Japanese Relationships

The U.S. is misguided in its attitude toward Japan, its officials are pro-Japanese and its policy is directed toward making Korea again subservient to Japan; and

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(d) Economic Aid

The U.S. economic aid program for Korea is too small, it has accomplished nothing thus far, U.S. officials are opposed to building up Korea's basic industries, and the U.S. insists on attaching humiliating conditions to its aid which the ROK find completely unacceptable.

While there has been some abatement of the propaganda campaign in the past week, the current ROK actions with respect to the UNC's request for hwan to meet local currency requirements continue to reflect the deteriorated situation. Despite its commitment to do so, the ROK has refused to make hwan available except at 180 to 1, a price which grossly overvalues the hwan, and the Command has thus been unable to meet its hwan obligations.

The draft agreed minute, resulting from discussions held with President Rhee last August and subsequently with Defense Minister Sohn and Economic Coordinator Paek in Washington, has been delivered by Ambassador Briggs, General Hull, and C. Tyler Wood to President Rhee for his concurrence. President Rhee has not yet agreed to the minute but has indicated he will give it further consideration.

2. Dangers Inherent in the Current Situation

Prolongation of the current situation may result in a deepening of the present rift in U.S.-ROK relations which will have adverse effects over the longer range. In addition, the Communists, who have already found it possible to turn ROK public statements into sharp propaganda weapons, will be able to capitalize even more effectively on this situation if it is prolonged.

Aside from the above factors, however, there are two more imminent dangers inherent in the situation:

(a) ROK frustration, particularly with respect to the issue of unification, may lead to action against the Communist members on the Neutral Nations Supervisory Commission (NNSC) teams. General Taylor has made clear to the ROK his responsibility for, and intent to protect, the members of the NNSC with all the force at his command. A desperate effort by the ROK to eject the Communists could lead to a situation which would require U.S. troops to use their weapons against the ROK; and

(b) These frustrations may lead to unilateral action by the ROK. There is some evidence to indicate that plans have been made to take such action in a manner which the ROK hopes would involve U.S. forces.

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3. U.S. Counter Action

(a) Diplomatic Representations

Strong representations have been made with respect to ROK false and misleading propaganda attacks, and, as each new attack of this sort appears, Ambassador Briggs is being instructed to present to the ROK strong protests from the U.S. Government. These representations may have accounted in part for the recent moderation in ROK propaganda.

(b) Public Statements and Press Briefings

Only one statement by a U.S. official related to the ROK propaganda campaigns, that made by Ambassador Briggs after the demonstrations of the wounded veterans, has been released. Both Ambassador Briggs and General Hull, however, have strongly recommended statements by high public officials designed to make clear the case for the U.S. in the current controversies. The principal reason these recommendations have not yet been followed is a reluctance to engage in public debate of issues which are still in the process of private negotiation, fear that the statements by U. S. public officials would merely bring forth more and harsher statements from the ROK, and hope that the ROK campaign would soon abate.

In the last few days, several press stories have appeared on the subject of U.S.-ROK relationships which have emanated from correspondents stationed in Seoul and Tokyo. These stories have defended the U.S. position with respect to the controversies with the ROK and have provoked press requests in Washington for confirmation.

Several members of the press have been given background briefings. These, however, have neither been designed to yield, nor have they yielded, strong and widespread statements explaining the controversy to the American people. Press background briefings have not been fully utilized for much the same reasons that statements by public officials have been avoided.

(c) USIA Media

Use of the USIA media in Korea as a direct means of countering ROK misstatements and misinterpretations of U.S. motives has not yet been made. It is believed that U.S. media, including the FOA, must carry only moderate and restrained reports in view of the danger that the ROK, if it felt USIA was taking a hostile stand or was interfering with Korean affairs, might ban USIA operations completely. USIA operations, therefore, have concentrated on explanations of the achievements of the economic reconstruction program.

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(d) Hwan Drawings

With respect to hwan drawings, General Hull has been instructed:

- (1) not to buy hwan at a rate of 180 to 1;
- (2) to notify the ROK that, on resumption of hwan advances, payment on account for the months June through September of 8 million dollars will be made and such payments on account continued until agreement is reached on the hwan problem;
- (3) to use dollars, treasury checks, payment in kind, or sale of army supplies as a means of obtaining hwan on a stop-gap basis.
- (4) to reduce hwan requirements to most extent possible;
- (5) to purchase hwan from other sources than Bank of Korea at the best rate available; and
- (6) Application at this time of possible sanctions and/or release of press statements on this issue are regarded as premature.

(e) Draft Minute

With respect to the Minute, current instructions are to avoid appearing overanxious and, therefore, to leave the next move up to the Koreans. Until this Minute is initialed the U.S. will not undertake to augment or modernize ROK forces and will not increase economic aid as contemplated in the item under discussion.

(f) Neutral Nations Supervisory Commission (NNSC)

On the problem of the NNSC, a meeting will be held soon with the Sixteen nations who fought in Korea at which time the U.S. will:

- (1) ask their cooperation in approaching the Swiss and Swedes and requesting these neutrals to announce to the Military Armistice Commission that, because of inability to carry out their responsibilities in the north, they are withdrawing all personnel from the NNSC inspection teams in both north and south Korea to the Demilitarized Zone until convinced of Communist willingness to cooperate; and
- (2) state that if this approach to the Swiss and Swedes fails to produce results, the U.S. must then consider taking action through the MAC leading to the termination of the activities of the NNSC.

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